

Internal Revenue Service

Department of the Treasury

District  
Director

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

The information submitted with your application shows that you were incorporated under the Nonprofit Corporation Law of the State of [REDACTED] on [REDACTED].


The purposes for which your organization was formed are management, maintenance repairs and improvement of common areas. Your funding is from membership assessment.

Section 1.501(c)(3)-1 of the Tax Regulations relates to the definition of the organizations described in Section 501(c)(3). It is quoted in part, as follows:

"(i) Organizational and Operational Test. (1) In order to be exempt as an organization described in Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such sections. If an organization fails to meet either the organizational test or the operational test, it is not exempt. (2) The term exempt purpose or purposes as used in this section means any purpose or purposes specified in Section 501(c)(3)...

(c) Operational Test. (1) Primary activities. An organization will be regarded as "operated" exclusively for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. (2) Distribution of earnings. An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals."

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations states that an organization is not organized or operated exclusively for one or more purposes specified in



section 501(c)(3) of the Code unless it serves a public rather than a private interest. Your organization is maintaining property owned by members and, therefore, is serving private interests rather than public interests.

We have concluded that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(3) of the Code, as you are not organized and operated exclusively for one or more of the exempt purposes specified in that section. Nor have we found that you qualify for exemption under any other section of the Code.

Contributions made to you are not deductible by the donor as charitable contributions as defined in section 170(c) of the Code.

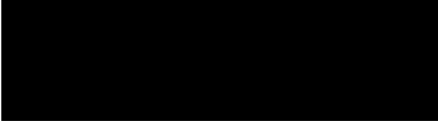
If you agree with this determination, please sign and return the enclosed form 6018. Note the special instructions for signatures on the back of the form.

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a hearing. The hearing may be held at the Office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.

If we do not hear from you within 30 days from the date of this letter and you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies and will then become our final determination. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

You are required to file income tax returns annually with your District Director.

The appropriate state officials will be notified in this action as required by section 6104(c) of the Code, if and when this becomes our final determination.



Thank you for your cooperation.

Very truly yours,

District Director

Enclosures:  
Publication 892  
Form 6018